

CHALLENGES AND OPPORTUNITIES IN THE NEW YORK DAIRY INDUSTRY

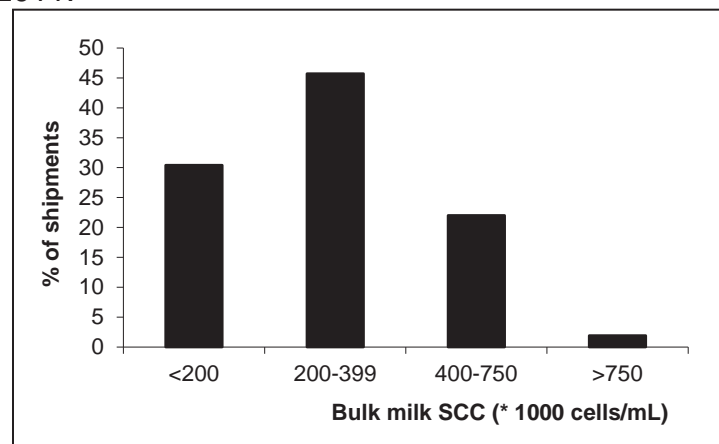
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CHALLENGES

A recent change in milk import regulations for the European Union has dramatically changed the landscape for American dairy farmers. These new regulations require dairy export companies to certify that any farm contributing milk must show a geometric bulk milk cell count below 400,000 cells/mL

(<http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRD3636640>). However, in 2010, 23.9% of US bulk milk shipments affecting 49.3% of producers exceeded 400,000 cells/mL. (Figure 1; USDA APHIS, 2011). Because exported milk products may be derived from the milk supply from anywhere in the country, these new trade regulations essentially require a nationwide shift in milk quality standards.

Figure 1. Percent bulk milk shipments by SCC category in 2010. Data from USDA-APHIS, 2011.



Antimicrobials are the mainstay for mastitis treatment and control. Dairy cattle receive more antimicrobial therapy for the prevention and treatment of mastitis than for all other dairy cattle diseases combined. Recently concerns related to antibiotic treatment of mastitis in dairy cattle and prudent antibiotic use strategies have been identified. These issues include the availability of antimicrobial agents 'over-the-counter' (OTC) for use by producers in the absence of veterinary oversight, the use of antimicrobial agents in an extra-label or off-label manner, the relationship between antibiotic use practices and the risk for development of antimicrobial resistance, the relationship between antibiotic use practices and the risk of antibiotic residues in meat and milk. Valid concerns regarding antimicrobial usage for food animals need to be addressed using science-based arguments that are supported by sound data and valid models. Current Food Safety and Inspection Service (FSIS) data indicates that while dairy cattle represent 8% of the total beef harvest, it also accounts for 90% of the identified residues in animals at slaughter (<http://www.usda.gov/oig/webdocs/24601-08->

[KC.pdf](#)). Hence, there is a strong over-representation of culled dairy cows in all cattle residue violations at slaughter. Recently the Food and Drug Administration decided to limit the use of cephalosporins for livestock. Specifically, cephalosporins (not including cephalixin) are prohibited from extralabel use in cattle: (1) For disease prevention purposes; (2) at unapproved doses, frequencies, durations, or routes of administration; and (3) if the drug is not approved for that species and production class. The argument behind this was the concern about the development of resistance due to misuse of this class of antibiotics in the livestock industry. Again, dairy farms were used as an example: <http://www.gpo.gov/fdsys/pkg/FR-2012-01-06/pdf/2012-35.pdf>.

OPPORTUNITIES

The dairy industry in New York is in the enviable position that an explosive growth of milk processing facilities has been and likely will continue to be occurring in the next few years. Over 30 applications for new or enlarged milk processing facilities have been filed with the New York State Department of Agriculture and Markets. Some examples are:

- Great Lakes Cheese Expansion in Adams, NY. \$86 million project resulting in the retention or creation of approximately 110 permanent jobs. Milk processing increased from 1.2 million pounds per day to 2.4 million pounds.
- Agro Farma plant in South Edmeston, NY (Chobani Greek style yogurt). Agro Farma will expand its facilities and use 25 million pounds of milk each week.
- At the Fage USA yoghurt plant, In April 2011, a \$26m expansion plan was approved by New York's Planning Board for an additional 19,000 sqft. In November 2011, an additional doubling of the plant design within the following year was announced.
- Keeley's Cheese at McGarr Farms. Keeley's Cheese Company is one of eight local dairy stops on the Finger Lakes Cheese Trail. The Cheese trail compliments the region's wine trail.
- Alpina foods from Colombia is currently building a new yogurt manufacturing plant in the town of Batavia, NY. Completion is expected in May 2012.

To meet the need for these expansions, approximately 140,000 additional dairy cattle will be required. This translates into about \$1 billion in milk sales and at least three times that amount in value-added economic activity. Just to manage these cattle, an additional 3,000 on-farm jobs will be opening up with an additional multiplier of 2-3 times that for the supporting industries.